Paris, 18 September 2017

Dear Mr. Makepeace,

I am writing to you on the occasion of the recent assessment of Danone by FTSE Russell. First and foremost, we are delighted that FTSE Russell has confirmed that Danone remains a constituent of the FTSE4Good Index Series. Our team would also like sincerely to thank FTSE Russell and PricewaterhouseCoopers (PwC) for the constructive feedback during the process following the inclusion in the FTSE4Good Index Series in June 2016. This process and the insights it allowed us to gather have been instrumental in sustaining continuous improvement of our responsible marketing practices.

At Danone, our mission is to bring health through food to as many people as possible. We are committed to doing business in a sustainable way. We aim to protect and nourish both the health of people through healthy nutrition and that of the planet by taking care of nature and our communities. In 1972, Danone’s first CEO Antoine Riboud laid the foundation for what we call our dual project: driving economic success and social progress. We are convinced both go hand-in-hand. In 2001, we launched the Danone Way, a global program to develop our business in a sustainable manner, through best practice sharing and key metrics to measure our progress. Today, we have the ambition to become a B Corp to be formally recognised as a company that is “best for the world”.

Our commitment to delivering economic, environmental and social value includes responsible marketing practices for all of our products and our Breast-Milk Substitutes (BMS) in particular. As a business contributing to something as fundamental to health and society as early life nutrition, we believe we have a duty to do the right thing and act responsibly in every aspect of our work.

With regard to the marketing of BMS, we have a strict global Policy, and we do not advertise or promote BMS for infants aged 0-6 months, anywhere in the world, even if permitted by local laws. In addition, compliant with the FTSE BMS Criteria for countries classified as higher-risk, we have voluntarily extended our Policy to not advertise or promote BMS for infants aged 0-12 months of age, which may go beyond local legislation. In these higher-risk countries, Danone also prohibits the promotion of complementary foods and drinks for use by infants up to 6 months. We follow local legislation whenever stricter than our Policy.

We are proud to be included in the FTSE4Good Index Series and are convinced this is bringing our existing commitments to the next level. Last year, in June 2016, we published our Danone position paper “Commitment to health and nutrition in the first 1000 days”. In this position paper, we outline that breastfeeding needs to be protected and promoted, and best nutrition for mothers, infants and young children needs to be assured. We made six firm commitments towards 2020, including ensuring ethical marketing practices.
We live in an interconnected, interdependent world, and we can learn from external partners. We need to use our collective strengths in ways that benefit everyone. Therefore, we recognise the value of third-party assessment of our practices. We appreciate the systematic assessment and detailed report by PwC, as commissioned by FTSE Russell. In the long term, we encourage all industry players in the infant nutrition category to embrace responsible marketing practices and third-party assessment, such as the FTSE4Good BMS Criteria and audit methodology. This ambition is inherently associated with our business leadership, as illustrated by the participation of Bridgette Heller, Executive Vice-President of our Specialized Nutrition business, in the FTSE4Good BMS Marketing workshop with key stakeholders from authorities and civil society in June 2017.

We strive to continuously improve our practices, and I am pleased to share with you, in the attachment to this letter, a review of areas of improvement, thus building on our official company response to the verification assessment report 2017 and our explanations during the workshop.

I very much look forward to continued collaboration with FTSE Russell, and we welcome your insights and guidance nurturing our ambition to operate in a responsible and sustainable manner.

Yours sincerely,

Emmanuel FABER
CEO

Attachment

The findings in the FTSE4Good verification assessment report provide encouragement and guidance to strengthen our practices and procedures around BMS marketing. This is our first assessment by PwC. We have embarked on a journey of continuous improvement, which we have outlined in our official company response to this report.

We commit to pay attention to the following elements:

➢ Regarding policies and procedures: we agree that there is a need for formalising country-specific policies and procedures on local BMS marketing practices. We commit that each country in which Danone operates and sells BMS products will disclose and embed a local comprehensive policy on responsible marketing practices, including our commitment regarding BMS.

➢ We took note of concerns about current labels of BMS products in Thailand and the possible confusion this might cause, and we are working to change the brand architecture of the Dumex portfolio. We will further differentiate company and product brand names to help ensure there is no consumer confusion.
➤ We are aware that the topic of sales incentives requires utmost transparency. We comply with our current policy, and we do not include volume or value targets, or quotas set specifically for BMS products. This does not prevent the payment of bonuses paid on overall sales of products marketed by Danone.

➤ Regarding management systems and governance: we will work to increase the awareness of the various channels to report on allegations of potential non-compliance, including the Danone Ethics Line, amongst our employees and external business partners, by updating the relevant training materials.

➤ Regarding interactions with healthcare professionals: we acknowledge that some shortcomings were reported regarding brand use on promotional items. Going forward, we will emphasise this area of improvement in upcoming trainings, and ensure that our local teams are alert that promotional items are always in line with our Policy.

➤ Regarding our local direct trade partners: we will work to increase the awareness and understanding of our Policy, by formalising our communication about our Policy.

➤ Regarding the staging of our products: we are examining our packaging by geography to determine what steps can be taken to further distinguish the different stages of our products, in order to minimise consumer confusion.